

Message Text

CONFIDENTIAL

PAGE 01 BERLIN 00130 01 OF 02 061729Z
ACTION EUR-12

INFO OCT-01 ISO-00 NSCE-00 SS-15 SSO-00 PA-01 PRS-01
CIAE-00 INR-07 NSAE-00 INRE-00 EB-08 COME-00 /045 W
-----086561 061735Z /43
O 061709Z JAN 78
FM AMEMBASSY BERLIN
TO SECSTATE WASHDC IMMEDIATE 6426
USIA WASHDC IMMEDIATE

C O N F I D E N T I A L SECTION 01 OF 02 BERLIN 00130

STATE FOR EUR/GOODBY; USIA FOR JODIE LEWINSOHN

E.O. 11652: GDS
TAGS: BEXP, GE
SUBJECT: PRESIDENTIAL STATEMENT FOR LEIPZIG SPRING 1978
EXHIBIT

1. WE HAVE BEEN REQUESTED BY USIA OFFICIAL-INFORMAL
LETTER TO COMMENT ON PROPOSED TEXT OF PRESIDENTIAL
STATEMENT FOR THE LEIPZIG SPRING 1978 EXHIBITION
"DISTRIBUTION NETWORK - USA." FOLLOWING IS THE
DRAFT TEXT WHICH WE RECEIVED.

2. BEGIN TEXT:

- ON BEHALF OF THE PEOPLE OF THE UNITED STATES, I
WELCOME YOU TO THIS EXHIBITION.
- WE BELIEVE THAT THE FREE MARKET IS THE BEST
SYSTEM EVER DEvised FOR MATCHING PRODUCTION TO THE
INFINITELY VARIED NEEDS OF MILLIONS OF INDIVIDUAL
CONSUMERS.
- THIS EXHIBIT TRACES OUR COMPLEX DISTRIBUTION
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PAGE 02 BERLIN 00130 01 OF 02 061729Z

SYSTEM FROM THE RAW MATERIAL TO THE FINISHED PRODUCT,
AND THEN THROUGH THE MANY OTHER STEPS THAT LEAD FROM
THE MANUFACTURER TO THE CONSUMER.

- I HOPE YOU WILL COME AWAY FROM IT WITH A BETTER
UNDERSTANDING OF HOW THE FREE MARKET CAN RESPOND--
SENSITIVELY AND EFFECTIVELY--TO THE MYRIAD NEEDS OF

AN EVER-CHANGING SOCIETY. JIMMY CARTER. END TEXT.

3. THIS TEXT CONTRASTS MARKEDLY WITH STATEMENT PREPARED FOR 1977 SPRING FAIR, WHICH WAS MORE STATESMANLIKE AND LOFTY IN TONE. IN OUR VIEW THE MESSAGE PROPOSED FOR THIS YEAR IS LIKELY TO BE INTERPRETED BY THE GDR AS A THINLY-VEILED ATTACK ON THE GDR ECONOMIC SYSTEM; IT WILL BE PUZZLING TO THEM IN THE CONTEXT OF THE GENERALLY POSITIVE RECORD OF PROGRESS ON ISSUES OF BILATERAL INTEREST TO US SINCE THE SECRETARY'S MEETING WITH FOREIGN MINISTER FISCHER AT THE LAST UNGA. WE SERIOUSLY QUESTION WHETHER IT IS IN THE OVERALL U.S. INTEREST AT THIS JUNCTURE TO CHALLENGE THE GDR IN THE MANNER IMPLICIT IN THE DRAFT MESSAGE. WE BELIEVE THE CURRENT MOMENTUM ON PROGRAMS AND ISSUES OF INTEREST TO US CAN BE BEST SUSTAINED BY A PRESIDENTIAL MESSAGE THAT IS OF LESS PROVOCATIVE CHARACTER AND FOCUSES ON SUCH FACTORS AS PROMOTING UNDERSTANDING, MUTUAL TRUST, PEACEFUL COOPERATION, AND CONFIDENCE IN OUR OWN PURPOSES AND ACHIEVEMENTS.

4. IN OUR VIEW, THE GDR GOVERNMENT CAN HARDLY HELP REGARDING THE PROPOSED TEXT AS AN INVIDIOUS REFERENCE TO CONDITIONS IN THE GDR. IT IS SIGNIFICANT TO NOTE THAT THE STATEMENT WOULD APPEAR BEFORE THE EAST GERMAN PUBLIC AT A TIME WHEN THE APPEARANCE OF BAHRO'S BOOK ON THE GDR ECONOMY, SURFACING OF AN ALLEGED OPPOSITION

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BERLIN 00130 01 OF 02 061729Z

MANIFESTO IN SPIEGEL, AND CONTINUING DIFFICULTIES IN THE FOREIGN TRADE SPHERE HAVE ALL CONTRIBUTED TO A SHARPENING OF PUBLIC ATTITUDES TOWARD SHORTCOMINGS IN THE GDR CONSUMER SECTOR. WE BELIEVE IT WOULD BE UNWISE FOR THE U.S. GOVERNMENT TO APPEAR TO BE JOINING THIS DEBATE.

5. WE ARE ALSO CONCERNED THAT THE MESSAGE'S REFERENCES TO THE "FREE MARKET" MIGHT BE SUBJECT TO MISINTERPRETATION OR ABUSE BY WESTERN MEDIA AWARE OF THE RANGE OF REGULATORY CONTROLS AVAILABLE TO THE U.S. GOVERNMENT. IT WOULD ALSO SEEM AN OVERSIMPLIFICATION THAT IS NOT SUPPORTIVE OF OUR EFFORTS TO WIN UNDERSTANDING HERE OF OUR MODERN MARKET ECONOMY.

6. DEPARTMENT AND AGENCY WILL RECALL THAT IN THE PERIOD OF PREPARATION OF THE SPRING 1976 FAIR THE GDR EXHIBITED SENSITIVITY ON THE QUESTION OF A PRESIDENTIAL MESSAGE. WE BELIEVE THAT THE CONSTRUCTIVE CHARACTER OF THAT MESSAGE AND THE ONE DRAFTED FOR 1977 HAVE CONVINCED THE GDR THAT IT IS NOT OUR PURPOSE TO USE OUR MESSAGES AND EXHIBITS TO DESTABILIZE THE

COUNTRY. WE BELIEVE PUBLICATION OF THE PROPOSED MESSAGE COULD ERASE THE GAINS WE HAVE MADE IN THIS AREA, AND GREATLY INCREASE THE LEVEL OF SUSPICION AND RESISTANCE TO USIS EXHIBITS AND PROGRAMS IN THE FUTURE. IT COULD ALSO ADVERSELY AFFECT THE IMPLEMENTATION OF PROGRAMS IN OTHER AREAS.

7. WE SHOULD, OF COURSE DO EVERYTHING THAT IS REASONABLE TO MAKE CLEAR TO OUR AUDIENCES IN THE GDR GOVERNMENT AND PUBLIC THE VIGOR, DYNAMISM, AND PRODUCTIVITY OF

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PAGE 01 BERLIN 00130 02 OF 02 061733Z

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USIA WASHDC IMMEDIATE

C O N F I D E N T I A L SECTION 02 OF 02 BERLIN 00130

THE AMERICAN MARKET ECONOMY, IN ORDER THAT THEY MIGHT DRAW THE APPROPRIATE CONCLUSIONS. WE BELIEVE THAT TO ENCOURAGE IN THIS FASHION EVOLUTION OF THE GDR ECONOMIC SYSTEM IN FAVOR OF GREATER RESPONSIVENESS TO CONSUMER DEMANDS IS FULLY CONSISTENT WITH AND SUPPORTIVE OF OUR GOAL OF ENCOURAGING LIBERALIZATION OF GDR SOCIETY. WE BELIEVE THE EXHIBIT AS HAS BEEN DESCRIBED TO US IS AN EFFECTIVE MEANS OF ACHIEVING THIS OBJECTIVE, AND A REASONABLE ONE IN CONTEXT OF THE CURRENT POLITICAL ENVIRONMENT AND OVERALL U.S. INTERESTS. WE FEEL OBLIGED TO STATE THAT THE BRINGING ABOUT OF INTERNAL LIBERALIZATION IN THE GDR IS LIKELY TO BE A LONG PROCESS; WE CANNOT LET OURSELVES RISK THROWING OUT THE BABY WITH THE WASH ON A SINGLE PROJECT.

8. COUNTRY TEAM THEREFORE RECOMMENDS THE PRESIDENT'S STATEMENT ON THE OCCASION OF THE SPRING 1978 LEIPZIG FAIR BE ALONG FOLLOWING LINES:

BEGIN TEXT:

- ON BEHALF OF THE PEOPLE OF THE UNITED STATES, I
WELCOME YOU TO "DISTRIBUTION NETWORK-USA" AT THE
LEIPZIG SPRING FAIR.
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PAGE 02 BERLIN 00130 02 OF 02 061733Z

- OVER THE YEARS THE FAMOUS LEIPZIG FAIRS HAVE
SERVED AS A BRIDGE BETWEEN EAST AND WEST AND DEMONSTRATED
THAT THE EXCHANGE OF GOODS AND IDEAS THROUGH FOREIGN
TRADE BRINGS BENEFITS TO ALL.

- AMERICANS ARE PROUD OF THE ACHIEVEMENTS OF THEIR
FACTORIES AND FARMS, AND WE ARE PLEASED TO HAVE THIS
CHANCE TO TELL YOU ABOUT OUR COUNTRY AND ITS ECONOMY.

- I WISH TO CONVEY GREETINGS FROM THE PEOPLE OF THE
UNITED STATES AND HOPE FOR FURTHER DEVELOPMENT OF
COOPERATION AND UNDERSTANDING BETWEEN THE UNITED STATES
AND THE GERMAN DEMOCRATIC REPUBLIC. END TEXT. BOLEN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 06 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BERLIN00130
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780010-1132
Format: TEL
From: BERLIN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780193/aaaadapk.tel
Line Count: 193
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c99c01e6-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 24 jun 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3820222
Secure: OPEN
Status: NATIVE
Subject: PRESIDENTIAL STATEMENT FOR LEIPZIG SPRING 1978 EXHIBIT
TAGS: BEXP, GC
To: STATE USIA
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/c99c01e6-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014